

## **2006-07 STATE BUDGET UPDATE**

On June 30th the Governor signed the 2006 Budget Act and the accompanying Omnibus Health Trailer Bill (AB 1807). The budgets for MRMIB's programs reflect the Governor's efforts to expand access to health insurance for California's children. Following is a summary of the final budget decisions regarding MRMIB's programs for the 2006-07 current year.

### **2006 Budget Act**

#### **Healthy Families Program (HFP)**

The Budget Act includes:

- \$1.019 billion (\$368 million General Fund) to fully fund the Healthy Families Program enrollment, projected to reach 859,000 children by June 30, 2007.
- \$13.4 million (\$5.5 million General Fund) for incentive payments to certified application assistants and increases in enrollment and retention resulting from their efforts. This funding will provide for a \$10 increase (from \$50 to \$60) for each successful application submitted using the Health-e-App. To improve retention, the payment for Annual Eligibility Re-determination assistance will be increased from \$25 to \$50. The proposal will allow over 13,000 children to obtain or retain health coverage in 2006-07.
- \$9.5 million (\$3.5 million General Fund) for the 12,400 children anticipated to be enrolled as a result of streamlining the initial application process.
- \$5.4 million (\$1.9 million General Fund) for the 11,608 children anticipated to be enrolled from implementation of the Medi-Cal to Healthy Families Bridge performance standards.
- \$1.9 million (\$40,000 General Fund) for the administrative vendor (MAXIMUS) to develop and implement a web-based version of the Health-e-App for public use (\$1.8 million) and to make revisions to the Health-e-App to align it with the revised Joint Application (\$100,000).
- The DHS budget includes \$19.7 million for County Outreach Grants to perform outreach and enrollment activities for those eligible but not yet enrolled in the Medi-Cal or Healthy Families Program.

### County Health Initiative Matching Fund Program (CHIM) – AB 495

The Budget Act includes \$3.9 million in funding (\$1.4 million county funds and \$2.5 million federal Title XXI SCHIP funds) for projected program costs for the four original counties (Alameda, San Francisco, San Mateo and Santa Clara), as well as the addition of the Phase II counties of Santa Cruz and Tulare.

### Access for Infants and Mothers Program (AIM)

The Budget Act includes \$120.4 million (\$51.8 million Proposition 99 funds and \$68.6 million Federal SCHIP funds) to fully fund the projected enrollment of 12,211 new uninsured, pregnant women.

### Major Risk Medical Insurance Program (MRMIP)

The historical \$40 million base funding level for MRMIP is maintained.

### Support Budget

The Budget Act includes \$10.3 million (\$2.2 million General Fund) to fund MRMIB's projected support budget costs for the Board's four programs. Included in the Budget Act is authority and funding to establish 7 new positions within MRMIB. The positions and related funding is as follows:

- Increased Oversight of Mental Health Services for HFP Enrollees (2.0 positions)  
These two new positions will be used to increase oversight on the delivery of mental health services for HFP enrollees and work with the Department of Mental Health in ensuring that mental health changes associated with Proposition 63 take HFP children's needs into consideration. The total funding includes \$166,000 for the two staff and \$266,000 in one-time costs for Phase II and Phase III of an independent evaluation of the HFP Mental Health/Substance Abuse Delivery System. The total funding of \$432,000 consists of \$151,000 from the Mental Health Services Fund (MHS) and \$281,000 in federal funds.
- Streamline Enrollment Processes for Children's Health Programs (1.0 Limited Term position)  
This new position will be used to coordinate activities associated with making the changes in the application process and making the electronic application accessible to the public. Total funding is \$91,000 (\$32,000 General Fund).
- Increase Staff to Address Workload (4.0 positions)  
The positions include a CEA I to function as the Board's Deputy Director of Policy responsible for legislation, external affairs and major policy matters; an Executive Assistant to provide administrative support to the Legal staff, a Research Manager II to oversee the Benefits Research and Quality Unit, and a Research Specialist I to staff the Rural Health Demonstration Project. Total funding is \$402,000 (\$64,000 General Fund).

## **Omnibus Health Trailer Bill (AB 1807)**

The Omnibus Health Trailer Bill contains four changes that will impact the Board's programs.

Section 42 of the Bill amends Section 12693.70 of the Insurance Code to 1) eliminate duplicate coverage currently possible for AIM-linked infants in HFP who also have coverage in either Medi-Cal or employer sponsored coverage (ESI); and 2) eliminates the requirement in HFP to pay the 1<sup>st</sup> month's HFP premium as a condition of enrollment (The 1<sup>st</sup> month's payment will be billed after the child is successfully enrolled).

Sections 43 through 45 amend sections 12695.03, 12696.05 and 12699 of the Insurance Code to expedite HFP enrollment for AIM-linked infants by allowing MRMIB to collect up to two months of the child's premium in HFP as part of the subscriber contribution required to enroll in AIM; to redirect this portion of the AIM subscriber contribution to the HFP account; and to apply this money towards the infant's HFP premium for the first two months of coverage when they are enrolled in HFP.

Section 75 enacts emergency regulation authority and exempts from Office of Administrative Law those regulations needed to implement program changes authorized in Sections 42 through 45 of the bill, as well as the Certified Application Assistance Incentive proposal included in the Budget.

Section 76 enacts a Legislative mandate requiring the Board to report on the progress of studies being conducted regarding Mental Health and Substance Abuse services for HFP subscribers as part of Governor's Budget Mental Health Services Act - Proposition 63 Implementation proposal.